

Message Text

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ACTION L-02

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NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

TRSE-00 OMB-01 EB-07 /075 W
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R 041706Z APR 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 3580

INFO SECDEF/GENERAL COUNSEL

USCINCEUR VAIHINGEN GE

CINCUSAREUR HEIDELBURG, GE

DA/TJAG

CDR NATO/SHAPE SPT GD SHAPE BELGIUM

UNCLAS BRUSSELS 3012

E.O. 11652: N/A

TAGS: MORG, CFED, BE

SUBJECT: TAXATION DIFFICULTIES WITH BELGIAN GOVERNMENT

REF: STATE 74294 (NOTAL)

1. REFTEL REQUESTED EMBASSY TO SEEK 60-DAY
EXTENSION OF APRIL 10 DEADLINE AND TO INDICATE TO
BELGIAN GOVERNMENT URGENT DESIRE ON PART OF USG TO
DISCUSS QUESTION OF EXEMPTION GRANTED USG FOR
COMMON DEFENSE EXPENDITURES UNDER APRIL 7, 1953 US-
BELGIAN AGREEMENT ON RELIEF FROM TAXATION ON DEFENSE
EXPENDITURES.

2. WE RAISED ISSUE WITH AMBASSADOR VERWILGHEN APRIL 4
AND REQUESTED 90-DAY EXTENSION OF APRIL 10 DEADLINE
IMPOSED BY ELECTROGAZ ON SIX QUARTERS AND AFN TRANSMITTER
SITE FOR PAYMENT OF ELECTRIC BILLS WITH TVA. WE ALSO
ASKED THAT SHOULD THERE BE ANY SIMILAR DISAGREEMENTS
OVER TVA AFFECTING US MILITARY LEASED QUARTERS, OF
WHICH WE PRESENTLY UNAWARE, THAT THESE ALSO BENEFIT
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FROM 90-DAY EXTENSION. WE NOTED THAT NATO/SHAPE

SUPPORT GROUP HAD, IN THE CASES WHICH ARE AT ISSUE, PAID THE ELECTRICITY BILLS (LESS THE TVA) BUT THAT THE CHECKS HAD BEEN RETURNED.

3. AMBASSADOR VERWILGHEN AGREED TO SEEK 90-DAY POSTPONEMENT OF DEADLINE. HE SUGGESTED, AND WE AGREED, THAT IT WOULD BE USEFUL TO DISCUSS ENTIRE QUESTION OF PRINCIPAL INVOLVED FOR MILITARY QUARTERS AND NOT FACE EACH ISSUE AS A CRISIS WHEN IT AROSE. HE SAID THAT HE THOUGHT IT UNLIKELY THAT ELECTRICITY WOULD BE CUTOFF APRIL 10, BUT WE ASKED FOR DEFINITE ASSURANCES. HE PROMISED TO INFORM US ASAP.

4. IN REPLY TO OUR QUESTION BASED ON PARA 3, REFTEL, AMBASSADOR VERWILGHEN REPEATED THAT BELGIAN POSITION WAS BASED ON THEIR INTERPRETATION OF 1952 AGREEMENT. WE WILL POUCH TO DEPARTMENT BELGIAN LEGAL CITATIONS AND DOCUMENTS RECEIVED.

5. DURING CONVERSATION, AMBASSADOR VERWILGHEN MADE A NUMBER OF COMMENTS. HE NOTED THAT MINISTRY OF FINANCE WAS UNDER INSTRUCTIONS FROM GOVERNMENT TO CLOSE ALL LOOPHOLES POSSIBLE IN TAX STRUCTURE, PARTICULARLY IN CASES OF EXEMPTIONS. HE NOTED, BUT DID NOT PURSUE, THAT QUARTERS AT ISSUE WERE ADMINISTRATIVELY PROVIDED BY NATO/SHAPE SUPPORT FOR INDIVIDUALS WHO ACTUALLY WORK IN VARIOUS CAPACITIES OF NATO AND SO WERE NOT PART OF US FORCES. HE ALSO NOTED THAT AFN TRANSMITTER SITE WAS IN A DIFFERENT CATEGORY FROM THE QUARTERS ISSUE.

6. WE WILL ADVISE AS SOON AS WE ARE NOTIFIED THAT APRIL 10 DEADLINE HAS BEEN POSTPONED. FIRESTONE

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